

**BEFORE THE
PUBLIC SERVICE COMMISSION OF WISCONSIN**

**Petition of Wisconsin Public Service)
Corporation for Declaratory Ruling)
Regarding Right to Self-Supply Station)
Power to Fox Energy Center)**

Docket No. 6690-DR-109

STIPULATED FACTS

Wisconsin Public Service Corporation (“WPSC”) and the City of Kaukauna (“Kaukauna”) hereby stipulate to the following facts in this docket:¹

1. WPSC and Kaukauna, acting by and through the Kaukauna Utilities Commission (“KU”), entered into the Territorial Agreement on September 20, 2004 (PSC REF#: 22204), which is attached to the Petition as Exhibit 2. The Agreement was approved by the Commission by order signed November 11, 2004 in Docket No. 5-BS-137 (PSC REF#: 24378). The Territorial Agreement defines a Boundary Line, with KU having the exclusive right to provide retail electric service west of the line and WPS having the exclusive right to provide retail electric service east of the line, subject to the terms and conditions of the Agreement.

2. The Fox Energy Center is a 593 MW natural gas-fired combined-cycle electric generating facility located in the Village of Wrightstown, Wisconsin (“Facility”). The Facility commenced commercial operation in June 2005 and is located within KU’s electric retail service territory and is on KU’s side of the Boundary Line.

3. KU began providing retail, end-use electric service to the Fox Energy Center construction site beginning in November 2003 and began providing station power to Unit 1 on

¹ Each party is free to challenge the relevance of any of the stipulated facts in its brief.

January 2, 2005. KU continues to provide retail, end-use electrical services to the Facility. These services include station power to the Facility itself and power for the Facility's water pumping station, which is located in the City of Kaukauna. Station power is the electricity used for heating, lighting, air conditioning, and office equipment needs of the buildings on a generating facility's site, and for operating the electrical equipment that is on the site.

4. Until March 2013, the Facility was owned by Fox Energy Center, LLC, which in turn was owned by affiliates of General Electric and Tyr Energy. Prior to April 2013, KU billed Fox Energy Center, LLC for electrical services provided to the Facility and Fox Energy Center, LLC paid the bills for such services. On March 28, 2013, WPSC purchased Fox Energy Center, LLC from General Electric and Tyr Energy. Upon the closing of that transaction, Fox Energy Center, LLC was merged into WPSC. Since April 2013, KU has billed WPSC for electrical services provided to the Facility and WPSC has paid the bills for such services. On May 31, 2013, WPSC notified KU of WPSC's intent to remotely self-supply the Facility. On June 10, 2013, KU notified WPSC that KU would consider such self-supply to be a breach of the Territorial Agreement. Since July 2013, WPSC has paid such bills under protest.

5. The Facility is interconnected directly to the American Transmission Company ("ATC") transmission system. The Facility is connected to an ATC substation that is located on the Facility's site. The ATC substation is connected to an ATC 345 kV transmission line. The ATC substation is also an end-use retail customer of KU, as KU provides station power to the substation via a KU distribution feeder going into the substation (i.e., a single-phase, 120/240 volt, 50 kVA padmount transformer and associated primary and secondary cables). KU is a wholesale customer of WPPI Energy ("WPPI"). The electric service KU provides to the Facility is a combination of power it resells from WPPI and power KU generates from its hydro

facilities. No KU distribution facilities are interconnected with the Facility. KU uses meters owned by WPPI to measure the retail, end-use electric services that KU provides to the Facility. WPSC pays a monthly metering charge of about \$1,200 to WPPI. KU provides station power to the Facility pursuant to KU's CP-2 retail tariff. Under this tariff, WPSC pays KU a customer charge of \$100/month and a distribution demand charge of about \$10,000/month. KU also supplies electric service to the Facility's water pumping station pursuant to KU's General Services retail tariff.

6. WPSC seeks to terminate KU's station power service and self-supply station power to the Facility by remote self-supply under Schedule 20 of the Midcontinent Independent System Operator ("MISO") FERC Electric Tariff ("MISO Tariff"), which is attached to the Petition as Exhibit 1. Remote self-supply occurs when the owner or operator of a generating facility supplies station power to that facility from affiliated off-site generation resources. WPSC asserts that it has the right to remote self-supply station power to the Facility under the MISO Tariff and Wis. Stat. § 196.495(3) and that the Territorial Agreement does not affect this right.

7. KU seeks to continue to provide station power to the Facility and asserts that it has the exclusive right to do so under the Territorial Agreement.

8. The station power load KU serves is between 3 MW (on-peak) and 6 MW (off-peak). Based on KU's last rate study, which used a 2012 test year (PSC REF#:162571; Docket No. 2800-ER-106), the loss of revenue from this load if WPSC self-supplies station power would cause a reduction in KU's rate of return by 0.77%, all other things held equal. Moreover, if KU's rates were adjusted for the loss of revenue from this load, KU's rates would increase by 0.98% across all customers, all other things held equal. *See* the rate impact analysis prepared by Mike Kawula, Manager of Finance and Administration for KU, attached hereto as Exhibit 3.

9. If WPSC self-supplies station power to the Facility, WPSC will realize savings of approximately \$775,000 annually. *See* Exhibit 4, attached hereto.

10. Wisconsin Electric Power Company (“WEPCo”) owns and operates a 50 MW biomass-fired electric generating facility in Rothschild, Wisconsin, which is in WPSC’s retail electric service territory pursuant to a territorial agreement between WEPCo and WPSC.

WEPCo self-serves station power to the facility under Schedule 20 of the MISO FERC Electric Tariff.

Dated this 21st day of May, 2014.

Respectfully submitted,

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EXHIBIT 3

Kaukauna Utilities Fox Energy-Loss of Load Impact Analysis

2012 Electric Rate Study (See Special Note)

Total Proposed Revenue (All Customer Classes)	\$	64,075,087	
Proposed Revenue from Fox Energy		1,192,793	
Proposed Revenue excluding Fox Energy	\$	62,882,294	
Proposed Revenue from Fox Energy	\$	1,192,793	
COSS Revenue Fox Energy		775,777	
Proposed Margin from Fox Energy	\$	417,016	
COSS Revenue Fox Energy	\$	775,777	
Allocated Purchased Power Costs (variable costs)		576,160	
Allocated fixed costs	\$	199,617	
Projected Lost Margin (net of allocated fixed costs)	\$	616,633	Note 1
Projected Rate Impact (Rate Increase) to recover Fox Energy Margin		0.98%	
Authorized Rate of Return: (Note 2)			
Estimated Net Operating Income	\$	4,816,540	
Net Investment Rate Base	\$	80,274,036	
Authorized Rate of Return		6.00%	
Projected Rate of Return with Projected Lost Margin:			
Estimated Net Operating Income with Lost Margin	\$	4,199,907	
Net Investment Rate Base	\$	80,274,036	
Calculated Rate of Return with Lost Margin		5.23%	

Special Note:

The data for this analysis was taken from the 2012 Electric Rate Study (Docket 2800-ER-106) Public Service Commission Final Decision and Exhibit Ex.-PSC-Singletary-1r.

Note 1:

For this analysis, the Margin from Fox Energy shows that the costs included in the COSS consists of both variable costs (Purchased Power) and fixed costs. The loss of Fox Energy will result in the elimination of the variable costs, but the fixed costs would be allocated to the other customers.

Note 2:

The data for this analysis was taken from the Public Service Commission Final Decision regarding the 2012 Electric Rate Study (Docket 2800-ER-106).

EXHIBIT 4

Exhibit 3: Wisconsin Public Service Cost Reduction of Self Supply

KU CP-2 Rate		WPSC Self-Supply	Potential Savings
Month	Total Bill	WPS.WPSM RT LMP	
Jan-12	\$77,497	\$13,510	\$63,988
Feb-12	\$12,585	\$379	\$12,206
Mar-12	\$80,937	\$11,886	\$69,052
Apr-12	\$11,482	\$0	\$11,482
May-12	\$23,707	\$4,707	\$19,000
Jun-12	\$19,171	\$1,939	\$17,232
Jul-12	\$12,502	\$309	\$12,193
Aug-12	\$34,869	\$8,915	\$25,955
Sep-12	\$93,820	\$23,618	\$70,201
Oct-12	\$112,309	\$35,259	\$77,050
Nov-12	\$116,859	\$28,536	\$88,322
Dec-12	\$127,639	\$34,251	\$93,388
Jan-13	\$114,285	\$35,922	\$78,363
Feb-13	\$95,295	\$25,516	\$69,780
Mar-13	\$109,317	\$33,901	\$75,417
Apr-13	\$79,771	\$28,727	\$51,044
May-13	\$84,366	\$24,719	\$59,647
Jun-13	\$107,072	\$31,087	\$75,985
Jul-13	\$93,233	\$25,801	\$67,432
Aug-13	\$109,966	\$31,433	\$78,533
Sep-13	\$115,159	\$29,449	\$85,709
Oct-13	\$44,518	\$16,630	\$27,888
Nov-13	\$83,253	\$21,921	\$61,332
Dec-13	\$125,415	\$42,867	\$82,548
Jan-14	\$165,069	\$69,434	\$95,634
Feb-14	\$141,431	\$101,464	\$39,966
Mar-14	\$119,922	\$79,654	\$40,267
Apr-14	\$84,094	\$36,131	\$47,962

Summary: Station Power Cost

	KU	Self Supply	Difference
2012	\$723,378	\$163,308	\$560,069
2013	\$1,161,651	\$347,972	\$813,678
May 13 - Apr 14	\$1,273,497	\$510,592	\$762,905